

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

**Rural Business Cooperative Service
Rural Housing Service
Rural Utilities Service**

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For Administrative Use Only

Missouri RD AN No. 1414 (1965-B)

August 4, 2003

TO: All Rural Development Managers and
Community Development Managers

/s/
FROM: GREGORY C. BRANUM
State Director, Rural Development

SUBJECT: CHANGES IN MFH OWNERSHIP'S INTEREST

PURPOSE/INTENDED OUTCOME:

The purpose of this administrative notice (AN) is to supplement USDA-Rural Development Regulations 1965-B, 1965.63, to provide clarification for processing changes made in Profit and Limited Profit Corporations, General Partnerships, and Limited Partnerships.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Profit and Limited Profit Corporations, General Partnerships, and Limited Partnerships are required by their loan agreement to obtain prior Rural Development consent to admit new or substitute general partners, withdraw general partners, or change any interest in the borrower entity. Borrowers admitting new or substitute limited partners are not required to obtain prior consent, but they are however required to notify Rural Development along with providing an opinion of counsel in accordance to RD Instruction 1965-B, 1965.63 (e).

All changes in general partner changes are required to be reviewed by our Office of General Counsel prior to approving RD Form 465-1. The attached guide is being provided to assist Area Offices in reviewing and recommending approval of request of general partner changes:

RRH Guide 54 – Change in General Partners - Use this guide to document eligibility and provide to State Office for approval with Area Office's recommendations.

EXPIRATION DATE:
August 31, 2004

FILING INSTRUCTIONS: Preceding
Rural Development Inst. 1965-B

After the request (Form 465-1) has been reviewed by the Office of General Counsel and if approved, the following RRH Guides will need to be completed and executed accordingly.

RRH Guide 54A – Certification by Withdrawing General Partner(s) will be completed, if applicable.

RRH Guide 54B – Assumption of Original or Withdrawing Partner's Obligations will be completed and executed for the admission of any new general partners.

RRH Guide 54C – Opinion of Counsel – the borrower's attorney will provide the following information in accordance to this guide.

RRH Guide 54D – Certification as to Litigation, Indebtedness, Etc., will be completed by all incoming general partners.

The borrower will also be required to provide proof that the amendments to the partnership agreements have been properly prepared and filed with the Secretary of State.

These guides have been placed on the Snap Server for your convenience.